

AUD-6-5:6 (121/99)

25 January 1999

To: Mr. Jean-Claude Aimé, Executive-Secretary
United Nations Compensation Commission

From: Esther Stern, Director
Audit and Management Consulting Division, OIOS

Subject: OIOS Audit of the United Nations Compensation Commission Personnel
Function (Assignment No: AE1998/81/2)

1. I am pleased to submit to you our report on the audit of the United Nations Compensation Commission Personnel Function, which was conducted from March to May 1998 and in September 1998.
2. When commenting on the audit recommendations, please refer to the recommendation numbers concerned in order to facilitate monitoring of their implementation status. Please indicate a time schedule for the implementation of each accepted recommendation.
3. Implementation of five of the recommendations (AE1998/81/2/001, 002, 003, 009, and 014) requires joint action with the UNOG Personnel Service.
4. I would appreciate receiving your reply by 26 February 1999.

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UNITED NATIONS
EUROPEAN SECTION
AUDIT AND MANAGEMENT CONSULTING DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

Assignment No: AE1998/81/2

25 January 1999

Audit of the United Nations
Compensation Commission Personnel Function

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Audit of UNCC Personnel Function (Assignment No: AE1998/81)

Executive Summary

From March to May 1998 and in September 1998, we conducted an audit of the United Nations Compensation Commission (UNCC) personnel system to determine its efficiency and effectiveness and to ascertain the Commission's compliance with applicable personnel regulations and practices.

We found that UNCC has taken various initiatives to improve the efficiency of its personnel service. It has established its own personnel function within UNOG's Personnel Service; implemented the Performance Appraisal System; and decided to seek additional delegation of authority from OHRM.

However, further improvements are needed, and the factors leading to high staff turnover and low morale--inconsistency in applying rules and the slow recruitment process, still need to be addressed. In addition, geographic distribution should be improved and UNCC's authority to recruit at the P-5 level and above and to promote GS staff to the professional level need to be clarified.

Application of rules

- Rules relating to grading of staff levels need to be applied consistently.
- Promotion criteria and implementation of post classification results mostly benefitted legal officers.
- The post classification exercise excluded GS posts.

Recruitment process

- There were delays in approving the staffing table.
- Coordination and communications between UNCC and the various parties in UNOG were not adequate.
- Information on the shipment of household effects was unclear.

Authority to recruit and promote staff

- UNCC needs clarification from OHRM regarding its authority to recruit staff at the P-5 level and above.
- Recruitment of over-qualified GS staff should be stopped and procedures to promote over-qualified GS staff already onboard need to be established.

Geographical distribution

- Geographic distribution of the staff needs to be improved.

I. INTRODUCTION

1. We conducted an audit of the personnel function of the United Nations Compensation Commission (UNCC) from March to May 1998 and in September 1998. The audit was performed in accordance with the general and specific standards for the professional practice of internal auditing in United Nations Organizations and, accordingly, included such tests and other procedures as the auditors considered necessary in the circumstances. We held an exit conference with officials and staff of the UNCC and UNOG Personnel Services on 29 September and 1 October 1998, respectively. We also provided them with copies of the draft and considered their comments in preparing our final report.
2. UNCC is a subsidiary organ of the Security Council. It was established following Iraq's unlawful invasion and occupation of Kuwait in 1990-91. Security Council Resolution 687 affirmed the liability of Iraq for any direct losses and damage resulting from the invasion and occupation, including environmental damage or injury to individuals, corporations, governments and international organizations. By the same resolution, the Security Council established the United Nations Compensation Fund to pay compensation for the claims. The Security Council created UNCC to administer the Fund, which is drawn from Iraqi oil revenues and operates under the United Nations Financial Regulations and Rules.
3. UNCC is accountable to the Security Council through the Governing Council of the Compensation Commission, which is composed of the current Security Council members. The Commission tentatively plans to complete its mandate by 2003.
4. The UNCC Secretariat, which is responsible for technical administration of the Fund and for servicing the Commission, is headed by an Executive-Secretary, who is appointed by the Secretary General upon consultation with the Governing Council. The Secretariat is comprised of two divisions -- the Claims Processing Division and the Support Services Division, and has a staff of 211. Secretariat staff are appointed by the Secretary-General, and serve under the United Nations Staff Regulations and Rules.
5. OHRM delegated authority to UNCC to apply the Staff Rules flexibly given the short time frame to complete its mandate and the need for special skills. This delegation exempted UNCC staff from reviews by UN appointment and promotion bodies, and made issuance of vacancy announcements optional. However, it required that UNCC follow UN recruitment criteria in terms of qualifications, experience and grading.

II. AUDIT OBJECTIVES

6. The objectives of the audit were: to determine the efficiency and effectiveness of the personnel services provided to UNCC in view of its short life span and the special nature of its mandate and operations; and to ascertain the Commission's compliance with applicable UN personnel regulations and procedures.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit covered UNCC personnel practices from its establishment in 1992 to the

present, focusing primarily on recruitment and promotion procedures. The audit also evaluated UNCC's compliance with personnel regulations and rules within the context of the OHRM delegation of authority. To conduct the audit, we reviewed relevant documentation and processes, and interviewed staff and management of UNCC, UNOG's Personnel Service and Transport and Customs Subunit.

IV. OVERALL ASSESSMENT

8. UNCC has taken various initiatives to improve the efficiency of its personnel functions, such as establishing its own personnel unit within the UNOG Personnel Service; implementing the Performance Appraisal System; and seeking additional delegations of authority from OHRM. Nevertheless, UNCC has not fully complied with applicable UN personnel regulations, rules, and procedures. Certain deficiencies need to be addressed. These include: inconsistent application of personnel rules including those rules modified to meet UNCC's special needs; the slow recruitment process; as well as the absence of transparency in processes, management plans and decisions relating to the staff. These factors were the major contributors to the high staff turnover rate. Furthermore, there is a need to improve the geographical representation of the staff and the clarity of UNCC's authority to recruit at the P-5 level and above.

V. AUDIT FINDINGS AND RECOMMENDATIONS

9. This audit was conducted against the backdrop of relatively high staff turnover at UNCC during the past few years. Most of those who resigned were lawyers and computer specialists. Each claims processing section experienced resignations of at least two of its Chiefs in addition to a number of working level professional staff. Also, five staff members of the Information Systems Section including its Chief resigned.

10. *UNCC management officials stated that the Commission's limited mandate does not offer career prospects and that this fact was primarily responsible for such problems as high staff turnover.* However, through interviews with current and former staff members, we identified several factors that contributed to high staff turnover and sometimes to resignations. The primary factors were inconsistencies in applying rules and the lack of transparency in matters relating to promotions. We also identified the slow recruitment of legal officers and support staff, as well as the manner in which posts were classified as factors contributing to staff dissatisfaction.

A. Inconsistent application of rules

Inconsistencies in grading

11. We found that the rules for grading were applied inconsistently. There were deviations, both high and low, from the grading standards, and levels were determined arbitrarily, without considering education or experience. For instance, a lawyer with an LLB degree (the equivalent of a Masters degree) and 12 years of experience in the relevant field was given a P-2 step 4, while another staff member with a Bachelors degree and less than one year of experience was given a P-2 step 3.

12. In another instance, a paralegal assistant with 8 years of relevant experience qualifying for a G-5 was given a G-4 grading. Conversely, another staff member was given the classified level of her G-5 post, although her prior experience was not in computers, the area for which she had been recruited.

Inconsistencies in promotions

13. Promotion opportunities for UNCC staff were not equitable. While legal officers were promoted soon after their posts were upgraded following a major classification exercise in 1997, other staff were promoted only after long delays. In addition, the special criteria established to enable staff members who lacked the required seniority for promotion to the classified levels were applied only in the case of legal officers. One of the non-legal officers who complained to us about this situation, which he referred to as partial treatment of certain groups of staff, indicated that he might leave because of this issue, did in fact resign.

Absence of transparency

14. We found that there was an absence of transparency in UNCC regarding such matters as personnel processes, decisions and actions as well as in related management plans. For example, the rationale behind the promotion of legal officers prior to the promotion of staff in the other occupational groups was not made clear to the staff. They were also not given satisfactory explanations when they questioned certain decisions concerning matters such as their levels or steps. A legal officer, who was about to leave UNCC when we interviewed him, said that one of the reasons why he decided to leave earlier than originally planned, was because the promotion, which he had been promised, was delayed. He informed us that he would have stayed, had he been informed prior to his decision that the delay was related to delays in approving the budget, which UNCC could not control.

15. We believe that the adequate flow of information among the staff on relevant policies, procedures and regulations would have prevented staff disappointment and frustration. We also believe that the presence of an advisory body on appointment and promotion would have addressed the problems associated with the application of rules, standards and criteria.

Classification of GS posts

16. We found that the post classification exercise excluded GS posts despite the considerable changes in their functions. We noted that the work of some paralegal assistants had changed to information systems functions while that of most registry clerks had evolved to include computer

applications. Furthermore, staff at the same levels were given different levels of responsibility. Despite these developments, however, almost all of the paralegal assistants and registry clerks were at the G-5 and G-2 entry levels, respectively.

We recommend that:

- (i) UNCC and the UNOG Personnel Service ensure that they apply the same grading and promotion criteria to all staff members (AE1998/81/001); and ensure that GS post classification is completed and the results of the entire classification exercise are implemented consistently (AE1998/81/002); and
- (ii) UNCC, in cooperation with the UNOG Personnel Service, establish an internal advisory body on appointment and promotion related matters to ensure transparency, objectivity, and consistency in the decision making process. We further suggest that the UNOG Personnel Service be represented on the panel on an ex-officio basis to advise on technical and UN personnel rules and practices (AE1998/81/003).

17. *UNCC management stated that "Standard UN grading criteria have been applied consistently, although there has indeed been an evolution of sorts in the consideration of certain types of technical or professional experience unique to those fields (and therefore not covered by UN standards)." The UNOG Personnel Service said that the flexible application of such guidelines was precisely to ensure that the service provided to UNCC is responsive to its needs. It added that it is therefore not entirely accurate to state that there are "inconsistencies, etc." As to the recruitment of G-S staff at one level below that of the post, UNCC noted that it had recently phased out the practice given UNCC's situation.*

18. *UNCC management stated further that the staff were misled about the post classification by discussions with consultants hired to advise the Executive-Secretary on the subject. They were given the impression that all posts were being reviewed individually for classification, which was not the case. This was done in the context of the ongoing restructuring of the commission. UNCC also said that as work developments are recognized to constitute a clear change in functions, job descriptions would be revised and submitted for reclassification to apply equally to both categories of posts.*

19. *Regarding the need for an advisory body on appointment and promotion, UNCC Management also said that it is preparing a terms of reference and working guidelines for such group which will be submitted to OHRM for approval. It also said that an ad hoc group has been established during the course of this audit, to advise the Executive Secretary on specific recruitment guidelines.*

20. We are pleased to note the UNCC's initiative in preparing the terms of reference and working guidelines for the appointment and promotion advisory body. We believe that this transparent mechanism will help in consistently applying grading and promotion guidelines.

Training of G-S staff

21. We inquired if the G-S staff had received adequate training, particularly in computer use, in order to perform their changing responsibilities. We found that no training had been provided.

We recommend that UNCC ensure that paralegal assistants and registry clerks receive training in computer applications (AE1998/81/004).

22. *UNCC management replied to our observation saying, it would look into the matter in addition to arranging for in-house access (via Internet) to the Training Service's computerized software training modules. UNCC management added that it would advise and encourage staff in respect of the available opportunities and look into this matter further.*

B. Slow recruitment process

Recruitment of professional staff

23. Our review showed that a full recruitment cycle, from the issuance of vacancy announcements to the reporting date of the selected candidates, took up to eleven months. In our opinion, this process took too much time given UNCC's short time frame to complete its mandate.

24. The delay in approving the staffing table, which was beyond UNCC's control, was the primary cause for the lengthy recruitment cycle until the end of 1997. Interviews of potential candidates had to be postponed for up to one year because posts were not available.

25. We also noted that the UNOG Personnel Service was not able to draw on the expertise of the UNCC Legal Service to evaluate the qualifications of candidates which are specific to the legal profession, but not familiar to the UNOG Personnel Service. As a result, some of the selected candidates, who were dissatisfied with their grades and steps, delayed accepting UNCC's employment offers, pending an upgrade; a process that added weeks to the recruitment cycle.

We recommend that UNCC prepare guidelines on how to evaluate academic credentials and professional experience requirements for legal officers (AE1998/81/005).

26. *UNCC management said that guidelines for evaluation of academic credentials and experience for legal officers had been provided by OHRM and had been utilized. UNCC is also*

documenting decisions in fields unique to UNCC, and would add them to the working guidelines, for reference by the appointment and promotion advisory body.

Delays in the shipment of unaccompanied personal effects

27. Problems associated with the shipment of unaccompanied personal effects delayed the reporting dates of new recruits. Candidates did not initially receive accurate information on entitlements, including weight limits, insurance coverage, and choice of shipping companies. They also did not receive satisfactory responses from the Transport and Customs Subunit to their queries when they encountered difficulties.

28. In searching for “best practices” within the United Nations Organizations, we noted that the information on the shipment of unaccompanied personal effects used by UNHCR provides more detailed and relevant information than the material used by the UNOG Personnel Service. For example, while UNOG’s document states, “Precise details of the volume of personal effects which may be transported at the expense of the United Nations: either will be provided by the Recruitment and placement Section together with contract information; or are enclosed together with contract information; or may be obtained through the Transport and Customs Subunit, UNOG”, the UNHCR document actually provides the details.

We recommend that:

- (i) UNCC designate a focal point to liaise between staff members and the UNOG Transport and Customs Subunit to facilitate the shipment of personal effects of new staff members (AE1998/81/006); and
- (ii) UNOG’s Personnel Service, and the Transport and Customs Subunit, consider requesting UNHCR’s permission to adopt its information kit on the shipment of unaccompanied personal effects for new recruits (AE1998/81/007).

29. *In their comments on the draft report, UNCC management said, “UNCC and UNOG have cooperated in preparing more comprehensive information which is provided to new recruits”. The UNOG Personnel Service stated, “It is either being initiated (revised documentation on shipment) or incorporated in the work programme prior to and independent of the review by AMCD”. We are pleased that work has begun on improving the UNCC/UNOG guidance. However, we believe that the UNHCR guidance should be considered when revising and improving the existing UNCC/UNOG material. Adopting the UNHCR document in its entirety should also be considered.*

Recruitment of secretaries

30. We noted delays in recruiting secretaries. At one point, UNCC substantive offices

experienced such an acute shortage of secretaries that one secretary was assisting four claims processing sections. One reason for the shortage was that UNCC had graded most secretarial positions at the G-3 level, which was too low to attract qualified applicants. Secondly, the UNOG Personnel Service did not arrange for typing/secretarial tests to help place secretaries whose posts were eliminated even though their levels were higher than the G-3 of UNCC posts. Filling posts was prolonged because the candidates did not accept G-3 posts.

We recommend that UNCC re-evaluate its secretarial needs to determine if the current levels of these posts are adequate to attract qualified applicants (AE1998/81/008).

31. We subsequently noted that, as correctly pointed out by UNCC management in its reply to our draft report, the situation has been satisfactorily rectified.

C. Other areas requiring improvements

UNCC personnel unit

32. Staff of the UNCC personnel unit within the UNOG Personnel Service need additional training. The unit's two staff members (a P-2 and a GS) are relatively new to the Organization. It is expected that the unit will be transferred to UNCC to function independently when the anticipated additional delegation of authority in personnel matters to the Commission is approved. The two staff members are getting on-the-job training by working under the supervision of highly experienced staff. However, we still believe that they would benefit from formal classroom training sessions, particularly in the area of staff administration (e.g., allowances and benefits etc.) in order to carry out their work effectively and independently.

33. *The Executive-Secretary of the Commission stated, "It is my understanding that UNOG has been actively developing this curriculum, and should begin these sessions in the very near future". Management of the UNOG Personnel Service, however, stated, "The fact that the two UNCC funded staff members are working in the Personnel Service under the guidance of senior officers of the Personnel Service is evidence of training being provided by the Personnel Service".*

We recommend that the UNOG Personnel Service in coordination with UNCC, arrange a training programme for the UNCC Personnel Unit staff specifically outlining the areas where they need further on-the-job-training and/or classroom training. The UNOG Personnel Service and UNCC should consider the additional responsibilities that the UNCC Personnel Unit will assume under the anticipated OHRM delegation of authority in developing the programme (AE1998/81/009).

Need for a roster of applicants

34. A roster of applicants should have been established using the large number of applications received. In preparing for an expeditious recruitment effort following approval of the staffing table in late 1997, UNCC issued general vacancy announcements to build a pool of applicants. The processing of such a large number of applications involved pre-grading and categorizing them by subject areas. Although this could have facilitated the effort to establish a roster of applicants, UNCC did not use the opportunity to establish one.

We recommend that UNCC develop a roster of potential candidates in order to speed up recruitment when vacancies occur (AE1998/81/010).

35. *UNCC management stated that it was building such a roster using applications received during the recent round of recruitment which took place in August, subsequent to completion of our audit field work. UNCC officials also said that they are considering the means and requirements to effectively manage the roster.*

D. Authority to recruit and promote staff

P-5 and above

36. We found that UNCC had recruited at the P-5 level and above, although its delegation of authority from OHRM did not mention recruitment at those levels. We believe that in the absence of any additional delegation of authority, and since other UN offices, such as Regional Commissions are only authorized to recruit up to the P-4 level, UNCC and UNOG should clarify this matter with OHRM.

We recommend that UNCC seek clarification from OHRM as to whether it has the authority to recruit at the P-5 level and above, particularly in connection with the anticipated additional delegation of authority from OHRM (AE1998/81/011).

UNCC agreed that this issue and the related promotion issues require clarification.

GS staff

37. UNCC recruited candidates with graduate degrees for General Service positions, contrary to the pertinent guideline, Personnel Directive PD/1/90. This directive specifies the educational requirement for general service positions as a high school diploma or its equivalent and states, "Care should be taken not to consider for employment candidates who are overqualified for the General Service and related categories." Our review revealed that over 30 per cent of the GS staff, possess graduate degrees.

38. *UNCC management said that recruitment of overqualified candidates for General Service posts was a historical problem related to funding difficulties and that steps had been taken to rectify some of these discrepancies.*

39. Having recruited overqualified GS staff, UNCC promoted 6 of the 30 staff members with graduate degrees to the Professional category. These promotions were implemented through resignation and subsequent rehire. Although the G-P Competitive Examination used at the United Nations Secretariat is not applicable to UNCC, we believe that UNCC should have promotion procedures for these cases in order to ensure transparency, objectivity and consistency.

We recommend that UNCC, in addition to refraining from the recruitment of overqualified candidates, should establish criteria and procedures for promoting its qualified GS staff to the Professional category, in consultation with OHRM. (AE1998/81/012).

40. *In response to our recommendation to establish criteria for promotion of overqualified staff member recruited at the G-S level as a result of the funding problem at the time of their recruitment, UNCC management stated that, "Mechanisms for addressing possible movements from the General Service to the Professional category are under consideration in the context of the delegation of authority to UNCC." However, the UNOG Personnel Service said that there was little need to establish such procedures, which in the long run, could create unrealistic expectations and prove to be overly cumbersome, particularly for a relatively short term operation such as UNCC.* We maintain the view that in the absence of standards and procedures such as the G to P examination, it would help UNCC in encouraging transparency, objectivity and consistency in the promotion process, to establish and communicate clearly to all parties concerned, the above mentioned criteria and procedures. These criteria and procedures would guide the recommended appointment and promotion advisory body in its deliberation of promotion cases.

E. Geographical distribution

41. The geographical distribution of UNCC staff disproportionately favours one or two Member States. Although the Commission is not subject to the geographical distribution requirement, it should, as a member of the United Nations family, pay due regard to the importance of recruiting its staff on as wide a geographical basis as possible in accordance with the Charter.

42. UNCC has some upcoming vacancies that could help to improve its geographic distribution. The recent restructuring of two claims sections into teams has created two team leader positions. Also, a team leader recently resigned, and two P-5 legal officers posts are vacant.

We recommend that:

- (i) UNCC attempt to improve the current geographical distribution of its professional staff by using current and anticipated vacancies to address the imbalance (AE1998/81/013); and
- (ii) UNCC and UNOG Personnel Service use OHRM's Executive Search Programme to identify lawyers worldwide in order to ensure a wider geographical representation (AE1998/81/014) .

43. *UNCC management stated that "UNCC is sensitive to the issue and will continue to seek the broadest possible geographic distribution among all areas of its staffing". UNCC also wanted to learn more about the OHRM Executive Search Programme. UNOG agreed with UNCC's statements.*

F. Employee Exit Interviews

44. We noted that neither UNCC's Support Services Division nor UNOG's Personnel Service conducted interviews with staff at the time of their departure. Such exit interviews could have been useful in assessing staff satisfaction and in identifying areas for improvement.

We recommend that UNCC conduct exit interviews with departing staff for the record to help in assessing staff satisfaction, identifying problems and improving operations (AE1998/81/015).

UNCC said that the recommendation for the exit interviews is well taken. UNOG Personnel took note of it.

VI. ACKNOWLEDGEMENT

45. We wish to express our appreciation for the assistance, cooperation and constructive comments given to the audit team by the management and staff of the United Nations Compensation Commission, the UNOG Personnel Service and UNOG Transport and Customs Subunit during the course of this audit.

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